

1990 Carnegie Commission report, "New Thinking and American Defense Technology," from a panel chaired by former Secretary of Defense Dr. William J. Perry.

These recommended reforms, according to Widnall, encompassed "a set of acquisition reforms directed toward commercial practices in procuring defense systems. Both large-scale and small-scale reforms were begun. The small-scale reforms were directed toward clearing out the thicket of acquisition regulations that prevent DoD from using smart business practices and act as a barrier, preventing efficient commercial firms from competing for defense business.

"The large-scale reforms developed pilot programs containing innovative contract incentives to demonstrate success with big programs. The goal was to recognize that the work of reform would never be finished, but focused on changing enough and getting enough momentum and system knowledge that the system could not, would not, go back to its earlier practices.

"It also included," said Widnall, "a set of incentives to encourage greater efficiency in the defense industries. Efficiencies that could only be realized through the use of competition and the structuring of incentives."

Widnall noted that "acquisition reform was as much a technology-management strategy to ensure that DoD would have access to fast-moving technologies, as it was a strategy to promote reform of the bureaucracy that defense procurement had become with its associated inflated costs.

"The changes in practices to encourage an integrated defense-commercial base," she said, "were the dramatic reduction in MILSPECs [Military Standards and Specifications], the single process initiative whereby commercial and defense products could be made on the same production line, and changes in regulations related to business practices. The hope was that these moves would en-

courage and enable commercial firms to enter the defense market and defense firms to participate in the commercial market."

Despite significant progress, she noted, "The results of several years of effort on this transformation of the defense procurement enterprise are mixed. Although DoD has made great strides in removing regulatory barriers, —and there have been stunning success stories — much remains to be done.

"For example," said Widnall, "DoD is very far from dealing with the defense industrial base using commercial practices. There are few opportunities to 'win' no matter what increases in 'value' are provided to the warfighting customer: and there are few opportunities to 'fail' no matter how ineptly a defense program is carried out.

"So what?" asked Widnall. "It could mean," she pointed out, "that DoD is paying more and working with a set of less efficient producers, because these producers are willing to work for lower margins than their counterparts in commercial industry. And whoever decided that defense companies should be shielded from the consequences of bad business decisions by being able to load their indirect costs onto healthy programs?"

Concluding, Widnall said that, "The last few years have been enormously productive for acquisition reform. We have launched on an agenda that would have seemed impossible in the late 80s. We have reaped substantial benefits and uncovered at least a few of the basic principles needed to operate in this new industrial climate."

Editor's Note: The author welcomes questions or comments on this article. Contact him at LReed@ida.org.

For information on past or upcoming PEO/SYSCOM conferences or workshops, refer to the Defense Systems Affordability Council (DSAC) Web site at www.acq.osd.mil/dsac/.

The Defense Acquisition University (DAU) is restructuring and building a strategic plan to rethink DoD's business processes, reduce costs, improve efficiency, and prepare the Acquisition, Technology and Logistics Workforce for new ways of doing business.

To communicate their efforts, DAU has published a new *DAU Fast-Track Initiatives* brochure, which details how the University intends to go about developing new ways of doing business. These initiatives, once implemented, should lead to better business practices throughout DoD. Viewed as "The Way Ahead for Acquisition Training," the DAU's Fast-Track initiatives include:

- Headquarters, DAU collocation with the Defense Systems Management College at Fort Belvoir, Va.
- Revision of PM Training Curriculum
- Critical Thinking and Case-Based Curriculum
- Faculty Development and Currency
- Budget Reassessment and Realignment
- Functional Integrated Process Team/Overarching Integrated Process Team (FIPT/OIPT) Jump-Start
- Supporting the new "5000" Changes
- Knowledge Management
- Change Management Center
- Strategic Alliances

Through improved acquisition training and reorganization of DAU staff functions, DAU will offer the DoD acquisition community an acquisition education, training, and career development program that meets their educational needs well into the 21st century.

For Fast-Track Initiatives progress, visit our Web site at www.acq.osd.mil/dau or call Army Col. Joe Johnson: (703) 805-2140; DSN 655-2140.

